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C O N F I D E N T I A L BUDAPEST 000231

SIPDIS

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PLEASE PASS TO NSC JEFF HOVENIER AND KHELGERSON

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SUBJECT: IS THE PARTY OVER FOR THE HUNGARIAN DEMOCRATIC  
FORUM?

REF: BUDAPEST 225

Classified By: Acting P/E Counselor Jon Martinson, reasons 1.4 (b,d)

11. (SBU) SUMMARY. Faced with internal party disagreements over the selection of former Finance Minister Lajos Bokros as the top party candidate for the upcoming European Parliamentary elections, the parliamentary caucus of the Hungarian Democratic Forum (MDF) ceased to exist on March 18. The dissolution followed MDF MP Andras Csaky's resignation, which reduced the number of MDF MPs below the minimum ten required by Parliamentary rules. While the MDF caucus may re-emerge later this spring if another independent MP joins the MDF, in-party conflicts are far from over. The long-term prospects for MDF's survival as a political party, in or out of Parliament, are increasingly in doubt, reinforced by Party President Ibolya David's comments during a March 17 office call with Ambassador Foley.

THE PARTY'S OVER?

12. (C) During the March 17 farewell call with Ambassador Foley, MDF President Ibolya David said her party is working hard and is ready for this spring's European Parliament (EP) elections with two top candidates - Lajos Bokros, former Finance Minister in the first Socialist-led government from 1994-1998, and Gyorgy Habsburg, grandson of the last Austrian Emperor. However, David acknowledged that the decision to place Bokros at the top of the MDF list for the EP elections created an internal debate resulting in several dozen members leaving the party, including MP Andras Csaky. Csaky's resignation reduced the number of MDF MPs to nine, which by Parliamentary rules, dissolved the MDF caucus. Without a caucus, MDF loses membership on Parliamentary committees as well as the opportunity to take a more active role in Parliamentary debates - a sad moment for the MDF, which won the first free elections in 1990. While David expressed optimism that former Fidesz MP Antal Csaszar, who broke with Viktor Orban last October, may join the MDF in April, some anti-David MPs have also hinted at breaking with MDF and that may torpedo any chance to reestablish the parliamentary caucus for the rest of the current cycle. Press coverage of this, as well as the expulsion last fall of MP Kornel Almassy from the caucus following his challenge for Party President, does little to help MDF's public face as the EP elections approach.

EVER DIMINISHING VOICE

13. (C) Consistently garnering only 2-3 percent support in pre-election polls - despite David's personal popularity in polls that ask to rank Hungarian politicians - David told the Ambassador that she has been fighting demagoguery for the

past 12 years (Note. A reference to both current MSzP PM Gyurcsany and former Fidesz PM Viktor Orban. End note.) and her party is "being hit hard on all sides" by the other four parties, but in particular by Fidesz, who "hates us." Referring to her party's recent failed proposal for a constructive vote-of-no-confidence to replace PM Gyurcsany with a government of experts led by Bokros, David said that she would have even supported Viktor Orban if he suggested a capable, able person to head a government leading to national elections in 2010. Commenting that the country cannot wait another year and continue on its downward slope, David said she "is alone in Parliament" pushing for meaningful reforms, and Fidesz only talks publicly about the "easy half" of reforms, "they don't care if businesses collapse, they don't care if young people leave the country, they don't care if the country collapses," they just do not want to take chances with losing out on the opportunity to lead the government after the 2010 elections.

HOPE OR HOPELESS?

14. (C) In separate meetings with the DCM and EmbOff on March 17, former MDF spokesperson and current MDF Presidium member Szabolcs Kerek-Barczy said that he wants a conservative Hungarian party, whether in its current MDF form or not, and those that disagree with him and Ibolya David can leave. He noted that with the dissolution of the MDF parliamentary caucus, the MDF loses approximately USD 350,000 per year from the Government and they will also have to dismiss 10 employees who supported the faction's work in Parliament. Claiming responsibility for selecting Bokros to head the Party's slate for EU elections, he acknowledged that the decision divided the party, but "Lajos Bokros' fame to

restore economic stability will yield the necessary number of votes for us." Stating that he and David expect the MDF to garner at least eight percent support, which would allow two MDF MPs in the European Parliament, they hope to reach 10 percent in the 2010 general elections, which would put "MDF in a tough bargaining position to form Hungary's next government."

15. (C) Comment. Perhaps reflecting the current political challenges facing MDF, Ibolya David appeared physically more tired than during her last meeting with the Ambassador. On the one hand upbeat about the upcoming elections, her comments on the other hand concerning Fidesz and Viktor Orban reflect long-standing personal disputes going back to the Fidesz/MDF coalition government from 1998-2002, as well as David's refusal to join Orban in forming a government in 2006, resulting in a new four-year mandate for Prime Minister Gyurcsany and the Socialist party. Although David supports Orban's call to dissolve Parliament and hold early elections following Prime Minister Gyurcsany's announcement on March 21 that he will step down (reftel), Post views her comments as public posturing for a party that may not make the five percent threshold needed to reenter Parliament.

16. (C) Comment continued. Perhaps more interesting is the role and influence that Szabolcs Kerek-Barczy appears to be playing within the MDF leadership, in particular with Party President David. Often referring to "I" when discussing the party, he emphasized that he would rather see MDF dissolve than have a party that does not truly reflect conservative values. Ibolya David has been the face of MDF for more than a decade and the outcome of the European Parliamentary elections has the potential to significantly change the party's landscape, with Kerek-Barczy apparently positioning himself for a significantly stronger role. That said, we do not believe his projections for success in the upcoming election reflect reality and the party may truly be over for MDF. End comment.

Foley